

Long Range Building Program

Charging Maintenance Costs to Federal and State Special Revenue Funds

Federal Requirements

OMB CIRCULAR A-87 -- Cost Principles for State, Local, and Indian Tribal Governments

Purpose of A-87: This federal circular establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments (governmental units).

Capital Expenditures -- Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency.

Depreciation -- Depreciation or use allowance must be based upon the acquisition cost of the asset involved. Depreciation or use allowance is limited to 2 percent a year.

Maintenance -- General maintenance expenditures cannot increase the or add to the permanent value of property or appreciably prolong its intended life.

Current Practice of Building Use Allowance

The State of Montana recovers un-billable central costs through the Statewide Cost Allocation Plan (SWCAP). Building use (2%) is already captured on certain shared buildings such as the Capitol, Old Liquor Warehouse, Mitchell Building and Justice Building.

Some state agencies may have incorporated building use or depreciation into their Agency Indirect Cost Plans (IDCs).

The University System have IDCs, which recover indirect costs into a designated account to grow and enhance their Research Programs. A building depreciation charge is a component of their indirect cost plan. All buildings that contain research space are allocated to their IDCs.

Issues Related to charging Federal Programs

Unallowable to allocate use allowance on "market value" of a building.

Cannot charge the federal government twice (double-dip) for major building maintenance via an “indirect charge” and a “direct charge” as a fixed costs.

State Special Revenue Accounts

Montana Constitution, Article VIII Section 6. Highway revenue non-diversion.

(1) Revenue from gross vehicle weight fees and excise and license taxes (except general sales and use taxes) on gasoline, fuel, and other energy sources used to propel vehicles on public highways shall be used as authorized by the legislature, after deduction of statutory refunds and adjustments, **solely for:**

(a) Payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges.

(b) Payment of county, city, and town obligations on streets, roads, and bridges.

(c) Enforcement of highway safety, driver education, tourist promotion, and administrative collection costs.

(2) Such revenue may be appropriated for other purposes by a three-fifths vote of the members of each house of the legislature.

87-1-601 Use of fish and game money

87-1-601. Use of fish and game money. (1) (a) Except as provided in subsections (7) and (9), all money collected or received from the sale of hunting and fishing licenses or permits, from the sale of seized game or hides, from damages collected for violations of the fish and game laws of this state, or from appropriations or received by the department from any other state source must be turned over to the department of revenue and placed in the state special revenue fund to the credit of the department.

(b) Any money received from federal sources must be deposited in the federal special revenue fund to the credit of the department.

(c) All interest earned on money from the following sources must be placed in the state special revenue fund to the credit of the department:

(i) the general license account;

(ii) the license drawing account;

(iii) accounts established to administer the provisions of 87-1-246, 87-1-258, 87-1-605, 87-2-411, 87-2-722, and 87-2-724; and

(iv) money received from the sale of any other hunting and fishing license.

(2) Except as provided in 87-2-411, the money described in subsection (1) **must be exclusively set apart and made available for the payment** of all salaries, per diem, fees, expenses, and expenditures authorized to be made by the department under the terms of this title. The money described in subsection (1) must be spent for those purposes by the department, subject to appropriation by the legislature.....

Issues Related to Charging Certain State Special Revenue Funds

May be bumping on a “murky line” on non-diversion if using “gas tax” or “fish and game” revenue to fund a pool of money for major maintenance of various state buildings that are not specific to Department of Transportation or Fish Wildlife and Parks.